Supreme Court, U.S.
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Nos. 96-843 and 96-847

In the Supreme Court of the United States

OCTOBER TERM, 1996

NATIONAL CREDIT UNION ADMINISTRATION,
PETITIONER

v.

FIRST NATIONAL BANK & TRUST CO., ET AL.

CREDIT UNION NATIONAL ASSOCIATION, ET AL.,
PETITIONERS

v.

FIRST NATIONAL BANK & TRUST CO., ET AL.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

JOINT APPENDIX

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96-843 Petition for Writ of Certiorari Filed: November 26, 1996; Certiorari Granted: February 24, 1997
96-847 Petition for Writ of Certiorari Filed: November 26, 1996; Certiorari Granted: February 24, 1997

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UNITED STATES D.C. CIRCUIT
COURT OF APPEALS

Docket Nos. 91-5336 & 91-5262

FIRST NATIONAL BANK AND TRUST COMPANY, ET AL.

v.

NATIONAL CREDIT UNTION ADMINISTRATION

DOCKET ENTRIES

DATE	PROCEEDINGS
1991	
Oct. 18	Copy of notice of appeal and docket entries from Clerk, USDC (n-4)
1992	
Jan. 8	Clerk's order granting motion to consolidate cases 91-5262 and 91-5336
1993	
Apr. 2	Opinion for the Court filed by Circuit Judge Silberman. Circuit Judge Wald, concurring

DATE	PROCEEDINGS
Apr. 2	Judgment for the Court that the judgment of the district court is hereby reversed and remanded, in accordance with the opinion for the Court filed herein this date
Apr. 2	Mandate delayed
June 10	Per Curiam Order that the motion to stay mandate is granted and the Clerk us directed to withhold issuance of the mandate through 6/23/93. Before: Wald, Silberman and D.H. Ginsburg, Circuit Judges
24	Notice from Supreme Court informing this court of cert. filing S.Ct. 92-2010 [1]
Oct. 12	Order from the Supreme Court denying cert. [1]
Dec. 1	Mandate Issued

UNITED STATES D.C. CIRCUIT
COURT OF APPEALS

Docket No. 94-5295

FIRST NATIONAL BANK AND TRUST COMPANY, ET AL.

v.

NATIONAL CREDIT UNTION ADMINISTRATION

DOCKET ENTRIES

DATE	PROCEEDINGS
1994	
Sept. 30	CIVIL-US CASE docketed. Notice of Appeal filed by Appellant First Natl Bnk Trst, Lxngton St Bnk, Randolph Bnk Trst Co, Bnkr Trst NC, Amer Bnkr Assn. [75504-1] (jth)
1995	
Sept. 11	MOTION filed (5 copies) by Appellants (certificate of service dated 9/11/95) to supplement the record. [148869-1]. (lej)

DATE	PROCEEDINGS
25	PER CURIAM ORDER filed denying motion to supplement record for limited purpose [148869-1] filed by First Natl Bnk Trst, Lxngton St Bnk, Randolph Bnk Trst Co, Bnkr Trst NC, Amer Bnkr Assn. (cwc)
1996	
July 30	JUDGMENT for the reasons in the accompanying opinion reversing [214442-1] and remanding case to the USDC. [214442-2] Before Judges Buckley, Ginsburg, Tatel. (edb)
30	OPINION (12 pgs) for the Court filed by Judge Ginsburg. (edb)
30	CLERK'S ORDER filed that the Clerk is directed to withhold issuance of the mandate pending disposition of any timely petition for rehearing. (edb)
Aug. 14	MOTION filed (5 copies) by Appellants First Natl Bnk Trst, Lexington St Bnk, Randolph Bnk Trst Co, Bnkr Trst NC, Amer Bnkr Assn (certificate of service dated 8/14/96) for immediate prospective relief implementing the Court's order or, [217703-1], in the alternative, for

DATE	PROCEEDINGS
	immediate isuance of the mandate. (lvs)
16	PER CURIAM ORDER filed granting appellant's motion for immediate prospective relief, or, in the alternative for immediate issuance of the mandate [217703-2]. The Clerk of the Court is directed immediately to issue the mandate in this action. [SEE THE ORDER FOR MORE COMPLETE DETAILS]. Before Circuit Judges: Buckley, Ginsburg, and Tatel. (jth)
16	MANDATE ISSUED to Clerk, District Court [217978-1]. (edb)
20	MOTION filed (5 copies) by Appellee Amer Tele Telegr Fam, Crdt Un Natl Assn (certificate of service dated 8/20/96) for reconsideration [218930-1], to recall the mandate. Response due on 8/30/96. (lvs)
20	MOTION filed (5 copies) by Appellee Natl Crdt Un Admin (certificate of service dated 8/20/96) for reconsideration of this Court's August 16, 1996 order granting appellants' motion for immediate issuance of the mandate [218979-1]. (lvs)

DATE	PROCEEDINGS
Sept. 9	PER CURIAM ORDER filed denying appellees' motions for reconsideration [218979-1] [218930-1] and the motion to recall the mandate [218930-2]. Before Circuit Judges: Ginsburg, and Tatel, and Sr. Circuit Judge Buckley. (jth)
13	PETITION for rehearing [223596-1] and SUGGESTION, for rehearing in banc [223596-2], (19 copies) filed by Appellee Natl Crdt Un Admin (c/s dated 9/13/96). (lvs)
16	PETITION for rehearing [224305-1] and SUGGESTION, for rehearing in banc [224305-2] (19 copies) filed by Appellees Amer Tele Telegr Fam, Crdt Un Natl Assn (c/s dated 9/13/96). (lvs)
Oct. 4	OPPOSITION filed [228015-1] (20 copies) by Appellant's The First National Bank and Trust Company, et al., (certificate of service dated 10/4/96) to the petitions for rehearing/suggestions for rehearing In Banc. (jth)

DATE	PROCEEDINGS
23	PER CURIAM ORDER filed denying the petitions for rehearing [223596-1] [224305-1],. Before Circuit Judges Ginsburg, Tatel, and Buckley, Senior Circuit Judge. (lvs)
23	PER CURIAM ORDER, In Banc, filed denying the suggestions for rehearing in banc [224305-2] [223596-2]. Before Judges Edwards, Wald, Silberman, Williams, Ginsburg, Sentelle, Henderson, Randolph, Rogers, Tatel. *Circuit Judge Henderson did not participate in this order. (lvs)
Nov. 29	NOTICE filed by the Clerk of the Supreme Court, advising that a petition for Writ of Certiorari was filed 11/26/96, Supreme Court Docket No. 96-843. (Petitioner appears to be the Natl Credit Union Admin) [241534-1]. (jth)
Dec. 4	NOTICE filed by Clerk, Supreme Court, advising of the filing on 12/02/96 of a Petition for Writ of Certiorari. Supreme Court Docket No. 96-847. (Petitioner appears to be AT&T Family Federal Credit Union, et al.) [241535-1]. (jth)

DATE	PROCEEDINGS
1997	
Feb. 25	NOTICE filed by Clerk, Supreme Court advising that on 02/24/97 the Petition for Writ of Certiorari, No. 96-843, Petitioner Nat'l Credit Union Admin, et al., was granted. [259242-1]. (jth)
25	NOTICE filed by Clerk, Supreme Court, advising that on 02/24/97 the Petition for Writ of Certiorari, No. 96-847, Petitioner AT&T Family Federal Credit Union, was granted. [259243-1]. (jth)

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Docket No. 90-CV-2948

FIRST NATIONAL BANK & TRUST CO., ET AL.

v.

NATIONAL CREDIT UNION ADMINISTRATION, ET AL.

DOCKET ENTRIES

DATE		PROCEEDINGS
1990		
Dec. 4	(1)	COMPLAINT filed; Exhibit (1); (1) summons issued (dot) [Entry date 12/05/90]
1991		
Jan. 23	(3)	AMENDED COMPLAINT by plaintiff adding 1ST NATL. BNK & TRST amending complaint [1-1]; Exhibit (1) (ker) [Entry date 01/25/91]
Feb. 5	(4)	MOTION by plaintiff's for summary judgment; Affidavit (7), Exhibit (39) (ker) [Entry date 02/0[illegible]/91]

DATE		PROCEEDINGS
6	(5)	MOTION by defendant NATL. CREDIT UNION to dismiss amended complaint (mf) [Entry date 02/07/91]
		* * * * *
20	(9)	MEMORANDUM by plaintiffs in opposition to motion to dismiss amended complaint [5-1] by NATL. CREDIT UNION (kk) [Entry date 02/25/91]
		* * * * *
Mar. 4	(12)	SUPPLEMENTAL MEMORANDUM by plaintiffs in opposition to motion to dismiss amended complaint [5-1] by NATL. CREDIT UNION. Attachment (ajr) [Entry date 03/11/91]
7	(13)	REPLY by defendant NATL. CREDIT UNION to response to motion to dismiss amended complaint [5-1] by NATL. CREDIT UNION; Attachment (1) (ks) [Entry date 03/12/91]

DATE		PROCEEDINGS
7	(14)	MOTION by movant AT&T FAMILY FEDERAL, movant CREDIT UNION NAT'L to intervene as defendants; Affidavits (2); EXHIBITS (ANSWERS (2)) (ks) [Entry date 03/12/91]
		* * * * *
Apr. 25	(23)	ORDER by Judge Stanley S. Harris: granting motion to intervene as defendants [14-1] by CREDIT UNION NAT'L, AT&T FAMILY FEDERAL (N) (mbh) [Entry date 05/03/91]
		* * * * *
25	(25)	ANSWER for intervenor-defendant AT&T FAMILY FEDERAL, (mbh) [Entry date 05/03/91]
25	(26)	ANSWER for intervenor-defendant CREDIT UNION NAT'L (mbh) [Entry date 05/03/91]
Aug. 9	(36)	OPINION by Judge Stanley S. Harris (N) (emh)
9	(37)	ORDER by Judge Stanley S. Harris: granting motion to dismiss amended complaint [5-1] by NATL. CREDIT UNION (N) (emh)

DATE		PROCEEDINGS
	23 (38)	NOTICE OF APPEAL by plaintiff 1ST NATL. BNK & TRST, plaintiff AMER. BANKERS ASSN., plaintiff BANKERS TRUST/NC, plaintiff RANDOLPH BANK/TRUST, plaintiff PIEDMONT STATE BANK from order [37-1] entered 8/9/91. $5.00 filing fee and $100.00 docketing fee paid. Copies mailed to Vaughan Finn, Theodore C. Hirt and Paul Joseph Lambert. (mbh) [Entry date 08/26/91]
Oct. 7	(39)	NOTICE OF APPEAL by plaintiff LEXINGTON STATE BANK from order [37-1] entered 8/9/91. $5.00 filing fee and $100.00 docketing fee paid. Copies mailed to Vaughan Finn and Paul Joseph Lambert. (mbh)
		* * * * *
1993		
Dec. 2	(41)	CERTIFIED COPY of Judgment filed in USCA dated 4/2/93, on appeal [39-1], appeal [38-1], reversing the judgment of USDC, remanding cases for further proceedings; Opinion. USCA # 91-5262, 91-5336 (mbd) [Entry date 12/06/93]
		* * * * *

DATE		PROCEEDINGS
	16 (45)	MOTION (renewed) filed by plaintiff(s) for summary judgment; exhibits (25) (dot) [Entry date 12/17/93]
		* * * * *
1994		
Feb. 4	(53)	MOTION filed by defendant NATL. CREDIT UNION for summary judgment, Exhibits (34), bulky pleading (lpp) [Entry date 02/07/94]
	4 (54)	CROSS MOTIONS by intervenor-defendant CREDIT UNION NAT'L, intervenor-defendant AT&T FAMILY FEDERAL for summary judgment Exhibit: (27), bulky pleading (lpp) [Entry date 02/07/94]
	18 (55)	RESPONSE by plaintiff(s) in opposition to motion for summary judgment [53-1] by NATL. CREDIT UNION. (lpp) [Entry date 02/23/94]
	18 (56)	REPLY by plaintiff(s) to response to motion for summary judgment [45-1] by plaintiff(s) (lpp) [Entry date 02/23/94]
Mar. 1	(57)	REPLY by defendant NATL. CREDIT UNION to response to motion for summary judgment [53-1]

DATE		PROCEEDINGS
		by NATL. CREDIT UNION (lpp) [Entry date 03/03/94]
1	(58)	REPLY by intervenor-defendant CREDIT UNION NAT'L, intervenor-defendant AT&T FAMILY FEDERAL to response to cross motion for summary judgment [54-1] by AT&T FAMILY FEDERAL, CREDIT UNION NAT'L (lpp) [Entry date 03/03/94]
		* * * * *
Sept. 15	(70)	MEMORANDUM OPINION by Judge John H. Pratt (N) (bjl) [Entry date 09/19/94]
15	(71)	ORDER by Judge John H. Pratt: granting cross motion for summary judgment [54-1] by AT&T FAMILY FEDERAL, CREDIT UNION NAT'L, granting motion for summary judgment [53-1] by NATL. CREDIT UNION, denying motion for summary judgment [45-1] by plaintiff; dismissing complaint with prejudice.[1-1] (N) (bjl) [Entry date 09/19/94]

DATE		PROCEEDINGS
23	(72)	NOTICE OF APPEAL by plaintiff(s) 1ST NATL. BNK & TRST, plaintiff(s) AMER. BANKERS ASSN., plaintiff(s) BANKERS TRUST/NC, plaintiff(s) RANDOLPH BANK/TRUST, plaintiff(s) LEXINGTON STATE BANK, plaintiff(s) PIEDMONT STATE BANK from order dismissing complaint with prejudice.[1-1] [71-1], order [71-2], entered on: 9/19/94, no fees paid, Copies to: A. Douglas Melamed, John J. Gill, Anne L. Weismann, Kenneth L. Doroshow, John Ianno, Paul J. Lambert. (lpp) [Entry date 09/26/94] [Edit date 09/26/94]
		* * * * *
1996		
Aug. 19	(73)	CERTIFIED COPY of judgment filed in USCA dated 7/30/96, on appeal [72-1], reversing the judgment of USDC, and remanding for further proceedings. USCA # 94-5295 (cjp) [Entry date 08/25/96]

DATE		PROCEEDINGS
23	(74)	MOTION filed by plaintiffs for immediate enforcement of the mandate; exhibits (7) (dam) [Entry date 08/27/96]
		* * * * *
9	(82)	MOTION filed by intervenor-defendant CREDIT UNION NAT'L, intervenor-defendant AT&T FAMILY FEDERAL to stay the granting of relief pending further appellate review (dam) [Entry date 09/10/96]
		* * * * *
26	(88)	NOTICE OF FILING by defendant NATL. CREDIT UNION filing a petition for rehearing with suggestion for hearing en banc and the Court of Appeals' order dated 9/19/96 directing appellants to respond on or before 10/4/96.; exhibits (2) (dam) [Entry date 09/27/96] [Edit date 09/27/96]
		* * * * *
Oct. 25	(93)	MEMORANDUM AND ORDER by Judge Thomas P. Jackson; consolidating CA90-2948 and CA96-2312 for all proceedings; granting plaintiff's applications for declaratory and injunc

DATE		PROCEEDINGS
		groups not sharing a common bond is unlawful, and enjoining preliminarily and permanently Natl. Credit Union Admin. from authorizing credit unions to admit members not sharing a common bond and setting a status conference on 12-4-96 at 9:30 AM (N) (N) (rew) [Entry date 10/28/96] [Edit date 11/19/96]
25	(94)	SUPPLEMENTAL MEMORANDUM by intervenor NATL. ASSOC./CREDIT in 1:96-cv-02312 to highlight for the Court the importance of the damage issue in this matter, both at this preliminary level and during any further hearings on permanent relief.; exhibits (1), affidavits (2) (dam) [Entry date 11/21/96]
28	(95)	JOINT MOTION by intervenor-defendant CREDIT UNION NAT'L in 1:90-cv-02948, plaintiff AMER. BANKERS ASSN. in 1:90-cv-02948 for expedited clarification of scope of injunctive relief; exhibits (1) (dam) [Entry date 11/21/96]
		* * * * *

DATE		PROCEEDINGS
31	(97)	MEMORANDUM AND ORDER by Judge Thomas P. Jackson, directing the Order of 10/25/96 permits the addition of new groups provided they share a common occupational bond, the enrollment of new members from existing occupational groups that share a common occupational bond, and bars credit unions from enrolling new members of existing occupational groups that do not share a common occupational bond, without regard to when the groups were initially approved, including those approved more than 6 years ago. (N) (N) (dam) [Entry date 11/21/96]
		* * * * *
Nov. 15	(101)	NOTICE OF APPEAL by intervenor-defendant NATIONAL ASSOC./FEDERAL CREDIT UNIONS in 1:90-cv-02948 from order [97-1] entered on 10/25/96, order [93-1], entered on 10/31/96. FEES PAID. Attorney's to receive copies are Paul Lambert, Teresa Burke, Arthur Goldberg, Eric Goulian, A. Douglas Melamed, Christopher Lipsett and Anne Wesmann (dam) [Entry date 11/21/96] [Edit date 11/21/96]

DATE		PROCEEDINGS
15	(102)	NOTICE OF APPEAL by intervenor-defendant CREDIT UNION NAT'L in 1:90-cv-02948 from order [97-1] entered on 10/25/96, order [93-1] entered on 10/31/96, No fees, appeal by the government. Attorney's receive copies of the appeal are Paul Lambert, Teresa Burke, Arthur Goldberg, Eric Goulian, Jeffifer Kaplan, A. Douglas Melamed, Christopher Lipsett and Anne Weismann. (dam) [Entry date 11/21/96]
15	(103)	NOTICE OF APPEAL by intervenor AT&T FAMILY FEDERAL in 1:96-cv-02312, defendant CREDIT UNION NAT'L in 1:96-cv-02312 from order [17-1] in 1:96-cv-02312 entered on 10/25/96 order [15-2] in 1:96-cv-02312 entered on 10/31/96. FEES PAID. Attorney's to receive copies of appeal are Paul Lambert, Christopher Lipsett, David Malone and William Donovan. (dam) [Entry date 11/21/96]
15	(104)	AMENDED COMPLAINT by plaintiff AMERICAN BANKERS ASS in 1:96-cv-02312, plaintiff INDEPENDENT BANKERS in 1:96-cv-02312, plaintiff AMERICAS COM/ BANK

DATE	PROCEEDINGS
	ERS in 1:96-cv-02312, amending complaint [1-1] in 1:96-cv-02312. (dam) [Entry date 11/21/96]
15 (105)	JOINT MOTION by intervenor-defendant CREDIT UNION NAT'L in 1:90-cv-02948, defendant NATL. CREDIT UNION in 1:90-cv-02948, defendant NATL. ASSOC./CREDIT in 1:90-cv-02948 to stay case, or, in the alternative, for a partial stay, pending appeal of the Court's 10/25/96 injunction and pending Supreme Court review of the First National case; exhibits (19) (dam) [Entry date 11/21/96]
15 (106)	NOTICE OF FILING by defendant NATL. CREDIT UNION in 1:90-cv-02948 of a complaint filed on 11/14/96, C.A. number 96-752H, Fort Knox Feder Credit Union et al., v. National Credit Union Administration. (dam) [Entry date 11/21/96]
	* * * * *
18 (108)	MOTION filed by plaintiff 1ST NATL. BNK & TRST in 1:90-cv-02948, plaintiff AMER. BANKERS ASSN. in 1:90-cv-02948, plaintiff BANKERS TRUST/NC in 1:90-cv-

DATE	PROCEEDINGS
	02948, plaintiff RANDOLPH BANK/ TRUST in 1:90-cv-02948, plaintiff LEXINGTON STATE BANK in 1:90-cv-02948, plaintiff PIEDMONT STATE BANK in 1:90-cv-02948 for immediate enforcement of the Court's Orders dated 10/25/96 and 10/31/96; exhibits (4) (dam) [Entry date 11/21/96]
18 (109)	NOTICE OF APPEAL by intervenor NATL. ASSOC./CREDIT in 1:96-cv-02312 from order [17-1] entered on 10/25/96 1:96-cv-02312, order [15-2] entered on 10/31/96. FEES PAID. Attorney's to receive copies of appeal are Leonard Rubin, C. Dawn Causey, John Gill, Paul Lambert Eric Goulian and Brenda Furlow (dam) [Entry date 11/21/96]
19 (110)	NOTICE OF APPEAL by intervenor-defendant CREDIT UNION NAT'L in 1:90-cv-02948, intervenor-defendant AT&T FAMILY FEDERAL in 1:90-cv-02948 from order [97-1] entered on 10/31/96, order [93-1] entered on 10/25/96. FEES PAID. Attorney's to receive copies of appeal are Michael Helfer, Eric

DATE		PROCEEDINGS
		Goulian, John Ianno, William Donovan and David Malone (dam) [Entry date 11/21/96]
19	(111)	NOTICE OF APPEAL by defendant CREDIT UNION NAT'L in 1:96-cv-02312 from order [17-1] in 1:96-cv-02312, entered on 10/31/96, order [15-2] in 1:96-cv-02312 entered on 10/25/96. Fees not paid, appeal by the government. Attorney's to receive copies of appeal are Christopher Lipsett, Leonard Rubin, Robert Wiorski, Paul Lambert and David Malone. (dam) [Entry date 11/21/96]
		* * * * *
Dec. 4	(120)	ORDER by Judge Thomas P. Jackson: granting motion for immediate enforcement of the Court's Orders dated 10/25/96 and 10/31/96 [108-1] by plaintiffs in 1:90-cv-02948, denying joint motion for an expedited Rule 16 status conference [107-1] by plaintiffs in 1:90-cv-02948, denying joint motion to stay case [105-1] by NATL. ASSOC./CREDIT, NATL. CREDIT UNION, CREDIT UNION NAT'L in 1:90-cv-02948; sua sponte that a stay of this order pending

DATE		PROCEEDINGS
		appeal is denied; counsel for all parties are to furnish courtesy copies to this Court of all papers filed in the U.S. Court of Appeals; Meet Confer hearing set for 9:30 1/29/97 in 1:90-cv-02948, in 1:96-cv-02312. (N) (clv) [Entry date 12/05/96]
		* * * * *
6	(123)	ANSWER TO AMENDED COMPLAINT [104-1] by defendant NATL. CREDIT UNION in 1:90-cv-02948 (dam) [Entry date 12/09/96]
6	(124)	ANSWER TO AMENDED COMPLAINT [19-1] in 1:96-cv-02312 by defendant CREDIT UNION NAT'L in 1:96-cv-02312 (dam) [Entry date 12/09/96]
		* * * * *
10	(126)	ANSWER TO AMENDED COMPLAINT [19-1] in 1:96-cv-02312 by defendant NATL. ASSOC./CREDIT in 1:96-cv-02312 (dam) [Entry date 12/13/96]
		* * * * *

DATE		PROCEEDINGS
1997		
Jan. 23	(128)	MEMORANDUM by defendant NATL. CREDIT UNION in 1:90-cv-02948 notifying the Court that the NCUA board voted to withdraw interpretative rule and policy statement (IRPS) 96-2 (dam) [Entry date 01/24/97]
		* * * * *
29	(129)	ORDER by Judge Thomas P. Jackson: consolidating cases CA 90-2948, CA 94-1650 and CA 96-2312 pending further order of Court, and to stay case pending disposition of Case No. CA 96-847 in the United States Supreme Court, or further order of the Court, and status hearing set for 9:30 a.m. on 3/11/96; (N) (kmk) [Entry date 01/31/97]
		* * * * *

DATE		PROCEEDINGS
Apr. 17	(131)	ORDER by Judge Thomas P. Jackson: granting motion to stay all proceedings pending a decision by the Supreme Court [7-1] by NCU ADMINISTRATION in 1:97-cv-00107; and sua sponte consolidating CA 97-107 with CA 90-2948, CA 94-1650, CA 96-2312. (N) (tth) [Entry date 04/18/97]

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Docket No. 96-CV-2312

AMERICAN BANKERS ASSOCIATION, ET AL.

v.

NATIONAL CREDIT UNION ADMINISTRATION, ET AL.

DOCKET ENTRIES

DATE		PROCEEDINGS
1996		
Oct. 7	(1)	COMPLAINT filed by plaintiff AMERICAN BANKERS ASS., plaintiff INDEPENDENT BANKERS, plaintiff AMERICAS COM/ BANKERS (dam) [Entry date 10/08/96]
7	(3)	MOTION filed by plaintiff AMERICAN BANKERS ASS., plaintiff-INDEPENDENT BANKERS, plaintiff AMERICAS COM/ BANKERS for temporary restraining order; exhibits (4) (dam) [Entry date 10/08/96]

DATE		PROCEEDINGS
8	(4)	MOTION filed for NATL. ASSOC./ CREDIT to intervene (dam) [Entry date 10/09/96]
8	(5)	(5) MEMORANDUM by intervenor NATL. ASSOC./CREDIT in opposition to motion for temporary restraining order [3-1] by AMERICAS COM/BANKERS, - INDEPENDENT BANKERS, AMERICAN BANKERS ASS (dam) [Entry date 10/09/96]
8	(6)	(6) RESPONSE by defendant NATL. CREDIT UNION in opposition to motion for temporary restraining order [3-1] by AMERICAS COM/ BANKERS, - INDEPENDENT BANKERS, AMERICAN BANKERS ASS.; exhibits (12) (dam) [Entry date 10/09/96] [Edit date 10/09/96]
8	(7)	RESPONSE by defendant NATL. CREDIT UNION in opposition to motion for temporary restraining order [3-1] by AMERICAS COM/ BANKERS, - INDEPENDENT BANKERS, AMERICAN BANKERS ASS. (dam) [Entry date 10/09/96]

DATE		PROCEEDINGS
9	(8)	ORDER by Judge Thomas P. Jackson: granting motion for NATL. ASSOC./CREDIT to intervene [4-1] (N) (rew)
9	(9)	SUPPLEMENTAL MEMORANDUM by defendant NATL. CREDIT UNION in support of in opposition to response [7-1] by NATL. CREDIT UNION.; Declarations of David M. Marquis, Timothy P. Hornbrook, Patricia White, Rosemary E. Helgeson, Stephen R. Punch, Monica Lopez, Errol A. Griffin, David M. Styler, Penelope Fulton, Charles L. Dawes, Marla K. Shepard and Linda S. Hannick.; attachments (1) (dam) [Entry date 10/10/96] [1:96cv2312]
10	(10)	ORDER by Judge Thomas P. Jackson granting oral motion of CREDIT UNION NATIONAL ASSOCIATION to intervene nunc pro tunc to 10-4-96. (N) (rew)
24	(11)	SUPPLEMENTAL MEMORANDUM by defendant NATL. CREDIT UNION in support of their opposition to response [6-1] by NATL. CREDIT UNION.; Declarations (1) (dam) [Entry date 10/25/96]

DATE		PROCEEDINGS
		24 (12) REPLY by plaintiff AMERICAN BANKERS ASS, plaintiff - INDEPENDENT BANKERS, plaintiff AMERICAS COM/BANKERS in support of their motion for temporary restraining order [3-1] by AMERICAS COM/ BANKERS, - INDEPENDENT BANKERS, AMERICAN BANKERS ASS.; exhibits (17) (dam) [Entry date 10/25/96]
24	(14)	SUPPLEMENTAL MEMORANDUM by intervenor NATL. ASSOC./ CREDIT in support of their opposition [6-1] to plaintiff's motion for injunctive releif by NATL. CREDIT UNION (dam) [Entry date 10/25/96]
25	(15)	COPY OF MEMORANDUM AND ORDER by Judge Thomas P. Jackson; consolidating CA90-2948 and CA96-2312 for all proceedings; granting plaintiff's application for declaratory and injuntive releaf, directing membership in a federal credit union by individuals or groups not sharing a common bond is unlawful, and enjoining preliminarily and permanently Natl. Credit Union Admin. from authorizing credit unions to admit

DATE	PROCEEDINGS
	members not sharing a common bond and setting a status hearing set for 9:30 12/4/96 (N) (rew) [Entry date 10/28/96] [Edit date 11/19/96]
25 (—)	REMARK. ALL DOCKET ENTRIES AS OF THIS DATE WILL BE FOUND IN THE LEAD CASE WHICH IS 90-2948. (dam) [Entry date 11/20/96]

[Agency letterhead omitted]

October 28, 1983

The Honorable Fernand J. St Germain
Chairman
Committee on Banking, Finance
and Urban Affairs
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your letter of October 3, 1983, requesting information on the status of the State Department Federal Credit Union (FCU) and on certain NCUA regulatory policies. I am pleased to provide you and the members of your Committee responses to your inquiries which I hope will address your concerns. Like you, we are determined that the credit union movement meet with continued success and our policy decisions are certainly intended to reflect this.

I share your interest in arranging a meeting in the near future as I am convinced that such a dialog would not only further the resolution of these matters, but could produce even more fruitful solutions to future problems and assist in maintaining the Committee's confidence in our agency.

STATE DEPARTMENT FEDERAL CREDIT UNION

As you noted, the publicity surrounding the operations of the State Department FCU was considerable. On August 18, the Washington Post devoted in excess of one half page to a detailed description of the credit union's current situation. Essentially there were two stories in the article: (1) that NCUA had placed the credit union on its problem list and was maintaining it under close surveillance; and, (2) that for the past year a group of credit union members, dissatisfied with long lines and the failure to get positive results on their complaints, had been actively working to get things changed.

Before giving you the details on our supervisory actions, I want to comment on the second part of the article because it so dramatically portrays why credit unions are different from other financial institutions and what the term "member owned and member operated" really means. Suppose, for example, that the long lines were in a bank or a savings and loan. One could scarcely expect a similar chain of events as occurred within the credit union—a small number of members organized a committee, a petition was signed by 600 people, detailed expense records (such as meals purchased by credit union board members) were provided to the Post, one of their members was appointed to the board of directors, and finally, as the headline to another Post article on September 13 stated, "State Department Credit Union General Manager Dismissed." This story clearly demonstrated that, even in a large credit union, the members continue to play a part in the decision-making process.

As far as the credit union's condition is concerned, it remains on our problem list and we continue to work closely with the management of the credit union. A number of very positive steps have been taken by the credit union since our involvement in late June which we are hopeful will begin to impact positively on the credit union's financial condition shortly. The major steps taken are as follows: restructuring the share certificate program; reduction in rates paid on several account classifications; par value of $50 established; fees established for certain services; development of more aggressive loan programs; approval of sale of building; reinstatement of early withdrawal penalty on share certificates; reduction in number of staff; curtailment of travel expenses; and dividends for the fourth quarter of 1983 will only be paid from current earnings.

While many factors contributed to the deterioration in the credit union's condition (unrealistic expenses, $180,000 write off from Penn Square, free services for members, etc.) the main problem for this credit union was its continued aggressive attraction of high yielding shares without a corresponding increase in lending to its members. In short, it was paying too high a rate on dividends to its members commensurate with the amount of loans it was able to place. More and more reliance was placed on investments and, as short term investment rates began to drop in late '82, investment income became inadequate to cover the cost of funds.

With respect to NCUA's rating of the credit union, let me briefly outline the history of our most recent supervisory actions. A routine examination was conducted as of December 31, 1981 and the credit union received a "CODE 1," which is our highest rating and

signifies that the credit union is in very good condition. It was shortly after this time that the credit union's policy of aggressively seeking new shares, especially IRA's with high rates of return, began to have a particularly adverse impact. This resulted in the deterioration of the credit union's financial condition. This deterioration was detected in June of this year during the review of an examination which had been completed on May 4, 1983. This exam looked at the credit union records as of March 30, 1983 which is 15 months after the last previous exam of December 31, 1981. One of our major efforts has been to shorten the time between exams from a previous average of about 24 months to our present schedule of once a year. We believe this stepped up schedule was very important in the case of State Department FCU as this early detection makes the potential recovery much more likely. On this May 4th exam, however, our examiner failed to follow the NCUA Examination Guidelines and submitted an evaluation of CODE 1. Nevertheless, our supervisory examiners in reviewing this evaluation determined that the credit union's condition could not be a CODE 1 and they immediately scheduled another exam of the credit union. This exam began on June 27th and when it was completed the credit union's condition was changed to CODE #4 and it was placed under our surveillance. The examiner has been thoroughly briefed on the particulars of his mistake and his work is being reviewed closely to ensure proper adherence to our guidelines.

"CUE-84" PROGRAM

"Credit Union Expansion-84" is a name which was chosen to set a theme for the celebration of the 50th

anniversary of the Federal Credit Union Act in 1984. While I do not have budget information from other agencies, I am certainly aware of the 50th year celebration activities of the FDIC earlier this year and of similar activities planned by other agencies. Our activities along these lines mainly consist of providing information about credit unions and assisting groups to start new credit unions. Activities such as these are authorized under Section 120 of the Federal Credit Union Act (12 U.S.C. § 1766). The relevant paragraphs of Section 120 are as follows:

(a). Sec. 120(i)(2) and (3):

> (2) to expend such funds, enter into such contracts with public and private organizations and persons, make such payments in advance or by way of reimbursement, and perform such other functions or acts as it may deem necessary or appropriate to carry out the provisions of this Act; and
>
> (3) [To] pay stipends, including allowances for travel to and from the place of residence, to any individual to study in a program assisted under this Act upon a determination by the Board that assistance to such individual in such studies will be in furtherance of the purposes of this Act.

(b). Sec. 120(F)(2)(A) which in 1970 authorized NCUA to promote low income credit unions.

> (2)(A) It is authorized to establish a program of experimental, developmental, demonstration, and pilot projects, either directly or by

> grants to public or private nonprofit organizations, including credit unions, or by contracts with such organizations, designed to promote more effective operation of credit unions, and related consumer counseling programs, serving the poor.

This effort at promoting and assisting in local credit union development was continued in 1979 when $6 million was appropriated under P.L. 96-123 for the Community Development Credit Community Services Agency to provide seed money and counseling (training and technical assistance) in making selected credit unions a growing force for community betterment. This activity continues today in concert with the Office of Community Services (Department of Health and Human Services) under the provisions of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35). Proposed Regulations were published in the Federal Register on August 16, 1983 for a Community Development Credit Union Program that will hopefully be finalized later this year. Approximately $2 million will be available for credit unions in addition to the resources of a revolving fund for future activities.

Before returning to CUE-84 specifically, let me comment further on this agency's role as a facilitator in the expanding credit union movement. The Federal Credit Union Act of June 26, 1934 is entitled:

> "An Act to establish a Federal Credit Union System, to establish a further market for securities of the United States and to make more available to people of small means credit for provident purposes through a national system of

> cooperative credit, thereby helping to stabilize the credit structure of the United States."

This concept of reaching more and more people through a national system of cooperative credit was particularly strong in the early days of the Federal regulatory agency when examiners routinely spent time on chartering efforts. Over the years, this activity has evolved into one in which the agency and its regional offices serve as information providers to persons interested in credit union services. Once a group is interested, we have provided, and continue to provide, information on how to start a Federal credit union.

The CUE-84 program is part of this overall effort of participating in credit union growth not only to facilitate it, but to ensure it is done in a safe and sound manner and to maximize the chances of success for each new group.

CUE-84 as our Annual Report (p. 11) indicates:

> "[I]s a national cooperative effort involving NCUA, state regulators, state leagues and others interested in strengthening the credit union movement . . . NCUA's role was to support the effort from a regulator's perspective. This included updating chartering manuals and making information available about current credit union membership policies."

Thus far, we have expended less than $25,000 on this effort. Most was spent on publications such as the three I have enclosed: (1) Volunteer Organizers Guide; (2) Facts About Federal Credit Unions; and (3) Credit Unions for College Students. Of course, none of these particular funds are appropriated, but come from the credit unions themselves. We have also tried

to highlight and give acknowledgement to certain new charters, such as the Georgetown University Students Federal Credit Union, in order that other similar groups might be inspired to take action in starting their own credit union.

We are very pleased to note that growth in credit union savings during the first six months of this year was a very strong 22.3% (annualized rate) as compared to 6.1% for banks and 13.4% for savings and loans.

CREDIT UNION LOAN RATE CEILING

On May 12 of this year, the NCUA Board considered the loan rate ceiling for FCUs. Had it not acted, the rate would have automatically returned to 15% on September 4, 1983. I would like to review market rates not only for the six months prior to the Board action (as required in the statute) but also for the period up to September 4, to further assess the need of the Board's action.

The rate on 90 day T-Bills as of December '82 was *7.94%*; by May of '83, it was *8.19%*. The rate on one year T-Bills in December of '82 was *8.23%*; in May of '83, it was *8.90%*. This combined with the rising cost of credit union funds was sufficient justification for the Board action as far as the market rate requirement was concerned. For the record, the following rate increases occurred in the period from December 82 to September 4: Fed Funds + 50 basis points; 90 day T-Bill + 106 basis points; 180 day T-Bill + 99 basis points; 1 year T-Bill + 104 basis points; 30 day CDs + 64 basis points; 90 day CD's + 73 basis points; and 180 day CD's + 84 basis points.

When evaluating interest rate levels against credit union safety and soundness, the Board considered

that: at the time of the Board action, 38.6% of all FCUs had unsecured loan rates in excess of 15%; the number of FCUs offering money market accounts doubled from year-end '82 and the amount in these accounts went from $1.2 billion to $3.6 billion; during this same period, the number of FCUs experiencing losses increased by 540 to 3,112 and the total amount of negative earnings for these FCUs increased by $13 million to $76.7 million; further, during this same period the ratio of reserves to assets fell from 3.9% to 3.6% and that of reserves and undivided earnings to assets fell from 6.4% to 6.0% (this is the lowest the ratio has been since December 1980 when the old 12% loan rate ceiling caused some serious problems).

As we indicated in our final rule, the trends in liquidity, capital, earnings, and growth were mixed and in a state of uncertainty when viewed on a system wide basis. However, the negative aspects as indicated above were sufficient to convince the Board that individual credit unions would certainly be threatened by its failure to act. This was especially true when we looked at our supervisory problem case credit unions. For example, the impact on State Department FCU of suddenly lowering all loan rates to 15% would have been quite serious. As evidenced by our earlier discussion of this credit union, a sudden reduction in their already marginal earnings situation would have made the recovery more difficult.

Finally, our consultation letters to the appropriate committees of the Congress and the Department of Treasury, Federal Reserve Board, and other regulators were sent on April 25, and we did not receive any input concerning the possibility of failing to meet statutory requirements. I recall that there may have been suggestions concerning the possibility of a rate

other than 21% but, of course, no rate other than 15% is permitted unless the requirements of the statute are met.

COMMON BOND

To put NCUA's common bond policy in perspective, I would like to relate certain historical events in the evolution of the common bond as I am familiar with them. The origins of cooperative credit were based on the principle that, when considering creditworthiness, a person's reputation and character were of as much value as his possessions. Persons of "modest means" were unable to obtain favorable credit because of their lack of wealth and credit unions were formed to alleviate this situation. The earliest credit union on this continent was established in 1900 in the city of Levis, Canada. To become a member "any urban or rural resident of Levis had to subscribe to at least a five-dollar share and agree to pay for it at the rate of ten cents each week . . . to be elected to membership, the applicant had to be judged as 'honest, punctual in his payments, sober, and of good habits, industrious and laborious.'" *

As can be seen, there was not a limitation imposed on potential membership but rather a general principle which would permit the credit union to limit actual membership. This pattern was followed in the Massachusetts Credit Union Act in 1909. The law provided for at least seven persons to apply for a charter, democratic operation of the credit union, one member, one vote, no compensation of directors, but there was no mention of any limitations on member-

* Moody and Fite, The Credit Union Movement, Origins and Development 1850 - 1970, at 22 (1971).

ship. Again, the credit union could limit membership as it saw fit. One of the earliest Massachusetts credit unions was the Industrial Credit Union which selected a broad charter permitting it to choose members from both city residents and those working in the Boston area.

The Massachusetts credit union laws continue to follow this practice of not attempting to define a credit union's membership. Presently there are five states whose laws place no restrictions on credit union membership. These are Rhode Island, Massachusetts, New Hampshire, South Carolina, and Utah. Of course, in practice each credit union organizes itself through its bylaws to serve a field of membership.

The early success of a national credit union movement is owed to the singular efforts of a very limited number of persons. Beginning in Massachusetts, they developed a plan to organize credit unions nationwide. Part of the plan was to secure passage (state by state) of state credit union laws and, as that project bogged down, a Federal statute.

The other part of the plan was to organize as many credit unions as possible. It was in the plan to promote and organize use. While many of the early credit unions were serving geographic areas, it was found that organizing credit unions of that nature was slow and tedious. It was much easier to promote the idea of a credit union to a group or an association whose members already had a common bond. Therefore the promotion plan consisted of contacting leaders of fraternal and religious organizations, factories and business firms, cooperative associations, and agricultural associations. The impact of this plan is evidenced today in the distribution of credit unions

with only 4.5% having a geographic field of membership.

The common bond, therefore, had its most powerful applications in promoting or organizing a credit union rather than, for instance, serving as a good measurement of credit union viability. For example, those credit unions in Rhode Island which are chartered to serve the entire state are just as viable as those serving the employees of small manufacturing companies.

Therefore, an important part of the tradition of the common bond is its use in expanding the movement towards whatever its full potential might be. Or, as stated in the Federal Credit Union Act "a national system of cooperative credit."

Because they were organized in this fashion, credit unions are most commonly identified as those institutions whose membership is limited by a common bond. This view has served a useful purpose in helping to perpetuate a unique identity for credit unions and it continues to do so today. The Federal Credit Union Act refers to membership as "limited" to certain groups as do many of the state credit union laws.

The chartering policies of NCUA and its predecessors have tried to accommodate the very rapid growth in credit unions as well as changes in both the economy and the lifestyle of our country.

For example, military credit unions serve members on overseas bases. When the first plant containing a credit union was closed, a decision had to be made on whether to shut down the credit union or to "modify" the common bond and include certain additional persons in the nearby community thereby retaining a very valuable and useful institution. Every merger is in a small way a further modification of traditional fields of membership; but certainly if a new viable

credit union emerges, it was a good decision. When the Federal Credit Union Act was enacted, the concept of a shopping center or an industrial park was unknown. Yet recent NCUA chartering policy addressed the reality of these entities by permitting a single credit union to serve a small group of businesses in the center or park. That same policy also permitted occupational credit unions to convert to community charters.

Our most recent policy changes are in concert with the concept of combining groups of employers as was done in the centers and parks, but does not pursue the pure geographic charter. Rather than have an occupational credit union convert to a community charter and serve everyone in a geographic area, we felt it was more appropriate to limit the expansion of the credit union to serving other select or small employee groups that already exist in the vicinity of the credit union.

I believe that the stability achieved by credit unions is a result of a flexible chartering and expansion policy which permits credit unions to extend their services to more people and thereby strengthen their position as a viable responsive financial institution. This has been done without abandoning the common bond characteristic. Our latest policy also reflects the major changes occurring in smokestack America with an ever increasing number of factories closing down while simultaneously there has been a major increase in industries with less than a hundred people.

NCUA'S POLICY

The Federal Credit Union Act prescribes membership in a FCU as consisting of ". . . groups having a

common bond of occupation or association, or to groups with a well-defined neighborhood, community, or rural district." (12 U.S.C. § 1759) One of the key words in this requirement is "groups." In the past, separate groups of people could join together to form a FCU or join an existing credit union if each group shared the same type of common bond with each of the other groups. Over time, as chartering policies continued to evolve, it was seen that some groups were too small either by themselves or when grouped together to support a viable credit union. Thus, unless these people are able to qualify for a community charter, they can not avail themselves of credit union service. This did not appear to be the intent behind the Federal Credit Union Act. For a number of years, this Agency utilized the "Industrial Park" or "Shopping Center" common bond as previously mentioned. However, this concept had limited application.

Since, the Act does refer to "groups," we again reviewed agency policy. Our most recent revision permits groups, each group having its own common bond, to pool their resources and establish their own credit union. They did not lose the common bond characteristic but the result was a credit union that could serve groups not otherwise eligible for a viable credit union charter and one which could survive hard economic times. Credit unions that served only one employer or one industry could be forced into liquidation by plant closings or major industrial slumps, whereas a credit union whose membership was made of distinct groups, each group serving different employees or industries, could continue to serve its members. That, we believe, was the intent of the Federal Credit Union Act.

As far as our long term common bond policy objectives are concerned, I would hope and expect that NCUA will continue to make those adjustments which are required to adjust to changing social conditions and to bring credit union services to groups desiring such services but not yet served.

CLF - U.S. CENTRAL CREDIT UNION

U.S. Central Credit Union became a member of the Central Liquidity Facility (CLF) in September of 1980. It joined as an Agent Group Representative for six corporate credit unions. This NCUA Board action was authorized under Section 304(b) of the Federal Credit Union Act (12 U.S.C. § 1795(c)) which sets forth the conditions under which a "credit union or group of credit unions, primarily serving other members, may be an Agent member of the Facility." I concur with the decision made by the NCUA Board at that time and I feel it was a necessary first step in the action which the Board is just now completing.

The CLF was established with full recognition of the existing private system (the 46 corporate central credit unions and the U.S. Central Credit Union). In fact, it was designed to operate in concert with and to provide a back up for the private system. Since CLF participation was made voluntary, all arrangements concerning participation must be agreed to by both parties and, of course, be in compliance with statutory requirements.

As you know, Mr. Chairman, credit union liquidity has been fairly high recently and membership in the CLF has remained disappointingly low (approximately 25% of all credit unions). We want to avoid a situation whereby a liquidity crisis might strike with so many credit unions outside the umbrella of the

CLF. Also it is important that the CLF continue to receive its Congressionally authorized borrowing authority in an amount adequate to cover the entire system. The assets of U.S. Central are $9 billion and the CLF has current assets of $143 million with borrowing authority of $600 million and an emergency draw of $100 million. When fully funded, the CLF will be in a much stronger position to fulfill its role and to ensure that it continues to receive its full borrowing authority.

The participation of U.S. Central in the CLF was both anticipated and structured. Your committee outlined both procedures and concerns regarding this participation. Your comments in the Congressional Record (November 9, 1978, E-5952, 53) which serve as the Committee Report on the CLF make certain pertinent points, which we have tried to follow. First, a "corporate (central) credit union may become an agent member by obtaining the Administrator's (Board's) approval, agreeing to examination, reporting requirements, and regulations established by the Administrator (Board). . ." For your information, we have established in our regulations on agent members certain criteria which must be met. Among these are: written management policies, adequate internal controls, sound financial condition with adequate reserves, surety bond coverage, adequate records pertaining to CLF, and an annual independent audit by recognized auditor with copy to CLF.

Second, a corporate (central) may become an agent member by purchasing stock equal to one-half of one percent of the assets of those traditional credit unions within its membership or "in the case of a corporate credit union serving other corporates (U.S. Central), by purchasing stock equal to one-half of one

percent of the assets of those traditional credit unions served by its corporate members." In the increased membership plan being finalized, U.S. Central will meet this requirement by subscribing on behalf of all of the credit unions being served by its corporate members.

Third, your report expressed the concern that "No corporate central credit union shall become a member with agent classification unless the Administrator (Board) determines that any direct or indirect subsidy granted to such corporate central credit union by any trade association or similar organization or other organizations doing business with credit unions shall not have an adverse effect upon such agent's ability to act as the official representative of the facility." I sense that your letter reflects a continuation of this very legitimate concern. I further believe that it is incumbent on me to alleviate that concern, and I hope I am successful so that we both can enjoy the success of this moment; for it is in this final step that your goal that "the benefits of CLF be available directly or indirectly to all credit unions in America," is actually reached.

First, there is incorporated into our agent regulations an additional criterion that "there are no practices, procedures, policies, or other factors that would result in discrimination by the central credit union among natural person credit unions or inhibit its ability to act independently in its role as an Agent member of the Facility."

Further, in accepting U.S. Central as an agent member in 1980 and in the working relationship since that time, we have become very familiar with it as a corporate entity; its charter, its method of operation, its board of directors, its relationship with credit

union trade associations and other organizations, and its function in the credit union liquidity system.

The U.S. Central Credit Union was chartered in March of 1974 under the Kansas Credit Union Act. It operates without profit as a central credit union for the mutual benefit of its membership. It functions in a manner similar to a "bankers' bank" by providing wholesale financial and payments service to its corporate members and their member credit unions. Presently U.S. Central is comprised of 41 corporates and its assets are approximately $9 billion.

It provides liquidity to this credit union network through re-distribution of surplus funds, borrowings in the banking industry, and more recently of course, from the CLF. In addition it serves as an investment vehicle, provides data processing services, net settlement securities safekeeping, corporate share drafts, and wire transfer of funds.

The Board of U.S. Central is a seven-member Board with three year terms constituted as follows: The Chairman is the Chairman of the Association of Credit Union League Executives; the Vice Chairman is the Chairman of the Corporate Forum Committee (selected by the managers of the 41 corporate credit unions comprising the corporate forum); other members are: Chairman of Credit Union National Association; President of Credit Union National Association; Chairman of Kansas Credit Union League, a Corporate Manager selected by the 41 corporates; and an additional Board member of Credit Union National Association. Membership consists of both state chartered and federally chartered credit unions.

Because of the uniquely close relationship between the credit union movement and trade associations (one trade association actually preceded the industry), the operating structure remains very close-knit. While these relationships continue to contribute significantly to credit union growth, viability, efficiency, and survival, we are ever mindful of the potential for misuse of trust or unwarranted use of power.

Therefore the period from September of 1980 when U.S. Central first joined the CLF to the present has given us the opportunity to closely examine its operations, secure certain changes in the corporate system of benefit to the CLF, and to participate in each step of the development of the strategy and plan to more fully provide CLF services to the credit union movement.

While the examinations during this period of U.S. Central itself have been satisfactory, there has been a major effort to substantially increase the standards of responsibility and conduct of its corporate members. This was to ensure that all corporates were subscribing to those standards reached by the six corporates represented by U.S. Central in 1980.

This voluntary effort is most commendable and has been very productive. Through the auspices of the Corporate Forum, standards have been adopted which secure a high level of operational excellence throughout the corporate network. Areas covered by such standards include; programs and services, investments and loan policies, operating ratios and spreads, asset/liability management practices, operating policies and risk management policies and practices. This effort is one of the reasons that the Corporate Forum could confidently make the decision to go ahead with the plan to use its Kansas-based U.S. Central to fund the entire CLF stock subscription. It was also an important factor in the CLF's decision.

The president of the CLF participated in the recent deliberations of the Capitalization Commission in developing a satisfactory arrangement for U.S. Central to represent its corporate members. I have studied the operational arrangement between the CLF and U.S. Central and I am very satisfied with it. I can assure you that the CLF will lose none of its independence but rather will be in a stronger position to meet liquidity demands. The details of this arrangement are contained in the NCUA board Memorandum of September 23, which was provided to your staff. A copy is also enclosed.

The good news about the CLF really comes in two parts. First, it adds a vital element to the safety and soundness of the credit union financial system. Second, the cost/benefits of this dramatic increase in CLF members are quite remarkable. Since the CLF will not need to increase its staff, there will be no additional costs. Therefore, for the same costs, membership in the CLF can grow from 5,300 credit unions to over 18,000. Over 90% of all credit unions will have access to CLF financing and those remaining outside the CLF will have a full choice of joining direct or through an agent member. I am most pleased that this step has been taken and I can assure you that this larger membership role for U.S. Central will continue to receive our close attention.

Further, I believe the timing of this action was excellent. While credit union liquidity is high, credit unions are experiencing the first real expansion in their loan portfolios in three years. As the recovery continues, credit union loan demand should increase even more. With the CLF in position to serve the entire movement, credit unions are well positioned for the future. Additionally, there are current public

policy debates concerning efficiency in government and the relationship between public and private sector. In particular, the need for a separate credit union lender serving only 25% of all credit unions is subject to close scrutiny. The membership arrangement through U.S. Central and the 41 corporates addresses both of these concerns.

NCUA REGULATORY PHILOSOPHY

Mr. Chairman, I know this response has been lengthy, but I do want to use this opportunity to address any concerns you might have about deregulation as we have approached it at NCUA. It has been our philosophy that, consistent with safety and soundness, as much choice as possible should be returned to each credit union board of directors. With the Congressional decision to totally deregulate savings rates by 1986, with continuous technological change, and with ever increasing competition from both within and outside of the financial community, it became a matter of survival to untie the restrictions of a highly regulated industry. We have proceeded to do just that and today credit unions have more experience in a deregulated environment than any other class of institutions and they are managing very well.

Nevertheless, I believe that there are necessary trade-offs to deregulation. You can't simply deregulate in a vacuum and assume the system will stay together. I want you and the Committee members to know what our plans were to compensate for deregulation from our regulatory perspective.

First, we felt that as regulatory safeguards come down, supervision must be increased to take its place. We adjusted the resources of the agency towards its on-site examination role and I am pleased to inform

you that we have completed an examination of every Federal credit union during the last 12 months and will continue to do so. In addition, we will continue to closely monitor those experiencing difficulties.

Second, the completion of the CLF membership plan will add a significant measure of back up liquidity to augment the stability of the credit union system.

Third, we are delivering to you a legislative proposal designed to dramatically increase the size of the National Credit Union Share Insurance Fund. As you know, this Fund was started without any government capitalization as were the other insurance funds, but rather has evolved purely from the insurance premiums assessed on insured credit unions. While it has managed to reach a size where it is .308% of credit union assets, continued credit union growth and increased merger/liquidation activities are likely to maintain the Fund at or near its present level. In a deregulated environment, it is advisable to find a method to enable the Fund to reach the level of 1% of credit unions' assets set forth by statute as its "normal operating level" (12 U.S.C. § 1782(h)(3)). Our proposal will establish a credit union deposit of 1% of insured shares. This deposit will be refundable should a credit union voluntarily leave the Fund. The amendment will further provide that the NCUA Board shall rebate insurance premiums as long as the Fund remains within certain limits. I believe this amendment will receive the support of the credit union movement and that it will permit the continued safe and secure operations of an insurance fund uniquely adapted to the needs of credit unions.

The deregulation plan I have outlined is designed to position this agency to be as responsive as possible in

meeting future credit union problems and to have a depth of resources to meet the unexpected.

In closing, I sincerely hope my comments have been responsive and that the policies and activities of this agency have been delineated for the Committee's use. I reiterate my desire to meet with you personally and to hear any further comments or suggestions concerning our activities.

Sincerely,

E. F. CALLAHAN
Chairman

Enclosures: 4

February 11, 1997

Marcus B. Schaefer, President/CEO
AT&T Family Federal Credit Union # 07840
P. O. Box 26000
Winston-Salem, NC 27114-6000

Dear Mr. Schaefer:

Your request to amend your charter has been approved as indicated below. We have approved the housekeeping changes in clauses 5, 9, 11, 20, 22, 34, 36, 39, 57, 60, 65, and 85 involving only company name changes with the understanding that there is no increase in potential membership. **No increase in potential membership is authorized with this amendment.**

The amendment may be placed in effect immediately by taking the following action:

1. Adoption, within 90 days of the date of this letter, by the board of directors at a meeting held in accordance with the procedures in Article XXI of your credit union's bylaws which are as follows:

a. All directors are given prior written notice, containing a copy of the proposed amendment, of said meeting.

b. Two-thirds of the authorized number of board members vote in favor of the amendment.

2. Proper completion and distribution of the enclosed certification of resolution form as follows:

a. The date of the board meeting must be entered on the original in ink or typed, and the form must be signed (in ink) by the board chairperson and secretary.

b. The properly dated and signed certification of resolution form together with this letter, must be filed with your credit union's official charter. There is no need to provide an executed copy to the National Credit Union Administration.

Accordingly, AT&T Family Federal Credit Union is hereby authorized to amend Section 5 of the Charter to read as follows:

The field of membership shall be limited to those having the following common bond:

1. Employees of AT&T and Lucent Technologies, (Rev. 5/13/96) formerly AT&T Technologies, Inc., AT&T Network Systems, and Bell Telephone Labs who work in or are supervised from Forsyth, Guilford or Alamance Counties, North Carolina or Richmond or Radford, Virginia; employees of AT&T Solutions, a division of AT&T Corporation, who work in or are paid from Jacksonville, Florida; (App. 2/7/96)

2. Employees of Lee Apparel Company who work in Pulaski, Virginia;

3. Employees of Pneufamil Corporation, its subsidiaries and affiliates, Luwa Corporation, Southeastern Metal Products and Zellwater Uster Inc., who work in or are supervised from Charlotte, North Carolina;

4. Employees of Coca-Cola Bottling Company, Consolidated, who work in or are paid from Charlotte, North Carolina; (Rev. 8/18/93)

5. Employees of Pharr Yarns (formerly Stowe Mills, Inc.-Revised 2/11/97) who work in McAdenville, Belmont, or Spenser Mountain, North Carolina, or Clover, South Carolina, and the following companies (operating under common ownership) at the following locations:

Crescent Spinning Company, Inc., - Belmont, North Carolina,
United Spinners Corporation - Lowell, North Carolina,
Pharr - Palomar, Inc., - Buena Park, California,
McAdenville Foundation - McAdenville, North Carolina,
Pharr Yarns & Company - Dalton, Georgia,
Pharr Yarns Sales, Inc., - New York, New York,
Belmont Land & Investment Company - McAdenville, North Carolina,
Strand Development Corporation - Myrtle Beach, South Carolina,
Avon Associated Warehouse Company - Gastonia, North Carolina,
Norman Associates - Cornelius, North Carolina,
Lodge Associates - Myrtle Beach, South Carolina;

6. Employees of Geneva Corporation and its wholly-owned subsidiaries - (Keystone Detroit Diesel Allison, Inc., Pella Window and Door Company of North Carolina, J. R. Morton Company, George C. Brown and Company, Inc., and Covington Diesel, Inc.), who work in Greensboro or Charlotte, North Carolina, Wexford, Pennsylvania or Maryland Heights, Missouri; employees of Cross Sales & Engineering Company and R. H. Barringer Distributing Company, Inc., who work in or are paid from Greens-

boro, North Carolina; employees of Radiator Specialty Company and Ronson Hydraulic Units (N.C.) Corporation who work in Charlotte, North Carolina; employees of Renfro Corporation who work in or are paid from Mount Airy, North Carolina; employees of Microtron Abrasives, Inc., who work in or are paid from Pineville, North Carolina;

7. Employees of Engineered Controls International, Inc. (formerly RegO Products) who work in Elon College, North Carolina; employees of Klaussner Furniture Industries, Inc., who work in Asheville or Greensboro, North Carolina;

8. Employees of Draper Corporation who work in Greensboro, North Carolina or Spartanburg or Anderson, South Carolina;

9. Employees of Globe Security Systems who work in the Carolina District Consisting of Asheville, Charlotte and Greensboro, North Carolina and Columbia, South Carolina; employees of Danaher Tool Group, (formerly Easco Hand Tools, Inc.-Revised 2/11/97) who work in or are paid from Gastonia, North Carolina;

10. Employees of Black & Decker Corporation who work in Asheboro, North Carolina; employees of The Goodyear Tire & Rubber Company who work in Randleman, North Carolina;

11. Employees of Allen Industries (formerly Allen Displays, Inc.) who work in or are paid from Greensboro, North Carolina; (Revised 2/11/97)

12. Employees of Biggers Brothers, Inc., who work in or are paid from Charlotte, North Carolina;

13. Employees of Martin Processing, Inc., who work in Martinsville, Virginia; employees of Amsco Products who work in Wytheville, Virginia; employ-

ees of Elk Creek Raycarl Products who work in Elk Creek, Virginia;

14. Employees of Automatic Transmission Shops, Inc., who work in Gastonia, North Carolina; employees of Florida Steel Corporation, Steel Mill Division and Reinforcing Steel Division, who work in Charlotte, North Carolina; employees of Eden Yarns, Inc., a division of Sara Lee, who work in Martinsville, Stuart, Floyd, Gretna or Rocky Mount, Virginia or Eden, North Carolina;

15. Employees of Nalle Clinic who work in or are paid from Charlotte, North Carolina; employees of Southern Optical Company and its wholly-owned subsidiaries, Piedmont Optical Company, Inc., Carolina Optical Supply, Inc., Pioneer Optical Service, Inc., Southern Optical Company of Maryland, Inc., Southern Optical of West Virginia, Inc., Southern Optical Company of Virginia, Southern Optical Company of Georgia, Inc., Williams Optical Company, Inc., and Reid Optical who work in or are paid from Greensboro, North Carolina or Nashville, Tennessee;

16. Employees of Inmar Enterprises, Inc., and its subsidiaries, Carolina Manufacturer's Service, Inc., and Venture Management who work in or are paid from Winston-Salem, North Carolina; employees of Konica Manufacturing U.S.A., who work in Greensboro, North Carolina; employees of Intercraft Industries Corporation (Eastern Division) and John Boyle & Company who work in or are paid from Statesville, North Carolina;

17. Employees of Pulaski Community Hospital and Wythe County Community Hospital who work in or are paid from Pulaski or Wytheville, Virginia;

18. Employees of Ace Hardware Corporation, Retail Support Center Operations, who work in Huntersville, North Carolina;

19. Employees of the Duke Power Company and its wholly-owned subsidiaries Crescent Land and Timber Corporation, Duke Engineering and Service, Inc., and Mill-Power Supply Company who work in or are paid from Charlotte, North Carolina;

20. Employees of Coca Cola Bottling Company Consolidated, Georgia/Florida Division who work in or are paid from Columbus, Georgia; active members of the Virginia Pharmaceutical Association headquartered in Richmond, Virginia; employees of Square D Company who work in or are paid from Monroe, North Carolina; employees of CIBA-GEIGY Corporation who work in Greensboro, North Carolina; employees of Ciba Specialty Chemicals (formerly CIBA-GEIGY Corporation-Revised 2/11/97) who work in Charlotte, North Carolina; employees of A T & T American Transtech who work in or are paid from Jacksonville, Florida or who work in New York, New York, Boston, Massachusetts or Wall Township, New Jersey;

21. Employees of American of Martinsville and its division, American Furniture Company, who work in Martinsville, Virginia; (Rev. 6/21/96) employees of Dee Shoring Company, Inc., who work in Richmond, Virginia;

22. Employees of Cogentrix, Inc., who work in or are paid from Charlotte, North Carolina; employees of these wholly-owned subsidiaries of Cogentrix, Inc.: Staff-Additions, Inc., who work in Charlotte, North Carolina and ReUse Technology, Inc., who work in Kennesaw, Georgia or Rocky Mount, North Carolina; employees of Lecom Communications (formerly Lex-

ington Telephone Company-Revised 2/11/97) who work in or are paid from Lexington, North Carolina; employees of Corn Products who work in Winston-Salem, North Carolina; employees of Pepper's Ferry Regional Wastewater Treatment Authority who in work or are paid from Radford, Virginia; employees of Maxwell Communications Corporation, and Standard Drug Company, Inc., who work in or are paid from Richmond, Virginia;

23. Employees of East West Partners of Virginia who work in or are paid from Richmond, Virginia; employees of Paul B. Williams, Inc., who work in or are paid from Greensboro, North Carolina; employees of Takatori Intech Corporation who work in or are paid from Charlotte, North Carolina;

24. Employees of Morton International, Group Powder Coatings Division, who work in or are paid from Wytheville, Virginia;

25. Employees of American Tobacco Company who work in or are paid from Richmond, Virginia; employees of Western Auto Supply Company who work in Gastonia, North Carolina;

26. Employees of AT&T Universal Card Services Corporation (a wholly-owned subsidiary of AT&T) who work in Jacksonville, Florida, Columbus, Georgia, Basking Ridge, New Jersey and Salt Lake City, Utah; (Rev. 7/2/93)

27. Individual members of the Piedmont Independent College Association of North Carolina in Greensboro, North Carolina;

28. Employees of Lucia, Inc., who work in Winston-Salem or Elkin, North Carolina;

29. Employees of Baldor Electric Company who work in Charlotte, North Carolina; employees of Force, Inc., who work in Christiansburg, Virginia;

30. Employees of Owens-Brockway Glass Containers who work in Winston-Salem, North Carolina;

31. Employees of Penn Engineering & Manufacturing Corporation, North Carolina Division, who work in Winston-Salem, North Carolina; employees of Eveready Battery Company, Inc., who work in Asheboro, North Carolina; employees of Stone Container Corporation, Corrugated Container Division, who work in Lexington, North Carolina; employees of Great Coastal Express, Inc., who work in or are paid from Richmond, Virginia; employees of Diversified Apparel Resources, Inc., who work in Pulaski and Council, Virginia; (Rev. 7/14/95 to add Council, Virginia);

32. Employees of Micro View, Inc., who work in or are paid from Charlotte, North Carolina; employees of Day Engineering, Day Data Systems and H. L. Yoh, divisions of Day & Zimmerman, Inc., who work in Charlotte or Greenville, North Carolina; employees of General Hardware Company Greensboro who work in Greensboro, North Carolina; employees of WGHP-TV who work in High Point, North Carolina; (Rev. 5/23/95)

33. Employees of Washburn Graphics, Washburn Direct Marketing, and Graftech Corporation who work in or are paid from Charlotte, North Carolina;

34. Employees of Reynolds and Reynolds Business Forms (formerly Jordan Business Forms and Jordan Systems and Forms-operating under common ownership) who work in or are paid from Charlotte, North Carolina; (Revised 2/11/97)

35. Employees of P&M Tile, Inc., who work in or are paid from Lexington, North Carolina; employees of Microfibres South who work in Winston Salem, North Carolina; (Rev. 12/23/94)

36. Employees of Copeland Corporation who work in Shelby, North Carolina; employees of Replacements, Ltd. who work in Greensboro, North Carolina; employees of Alpharma (formerly Barre-National, Inc. - Revised 2/11/97) who work in Lincolnton, North Carolina; (Rev. 7/2/93)

37. Employees of Hello, Inc., who work in Richmond, Virginia;

38. Employees of Commercial Metals Company (CMC), and its wholly-owned subsidiary, and affiliated companies, who work in or are paid from Gastonia, North Carolina; (Rev. 12/23/94)

39. Employees of Dennison Manufacturing Company and CPC International (formerly Best Foods Baking Group-Revised 2/11/97) who work in Gastonia, North Carolina; employees of The Timken Company who work in Iron Station, North Carolina;

40. Employees of The Cookson Company who work in Gastonia, North Carolina; employees of Hollingsworth & Vose Company who work in Floyd, Virginia; employees of The Town of Pulaski, Virginia;

41. Employees of Philips Optical Media Corporation who work in Grover, North Carolina; and employees of Process Systems, Inc., who work in Charlotte, North Carolina;

42. Employees of the Town of Dublin, Virginia; employees of Mecklenburg Cardiovascular Consultants, P.A., who work in Charlotte, North Carolina; employees of Piedmont Triad Airport Authority who work in Greensboro, North Carolina; employees of Grass America, Inc., who work in Kernersville, North Carolina;

43. Employees of Technimark, Inc., who work in or are paid from Asheboro, North Carolina;

44. Employees of The John Plant Company who work in Ramseur, North Carolina; employees of B. B. Walker Company who work in Asheboro, North Carolina;

45. Employees of Apperson Business Forms and American Trutzschler, Inc., who work in Charlotte, North Carolina;

46. Employees of the Center for Creative Leadership who work in or are paid from Greensboro, North Carolina, except those employees who work in Brussels, Belgium;

47. Full-time, management employees of DuPont Electronics who work at the Philips Optical Media Corporation located in Grover, North Carolina;

48. Employees of Plastics Manufacturing, Inc., who work in or are paid from or are supervised from Harrisburg, North Carolina; employees of Henry County Plywood Corporation who work in or are paid from or are supervised from Ridgeway, Virginia; employees of Rowe Corporation and their wholly-owned subsidiaries, (Powell Manufacturing Company, Inc., R. H. Bouligny, Inc., The Bouligny Company, Inc., Wood-Hopkins Contracting Company, and Implement Sales Company, Inc.) who work in or are paid from or are supervised from Charlotte, North Carolina;

49. Employees of Tultex Corporation who work in or are paid from or are supervised from Martinsville, Virginia; employees of Timken Company who work in Asheboro, North Carolina;

50. Employees of Plymouth, Inc., who work in Radford, Virginia;

51. Employees of Oliver Rubber Company who work in Asheboro, North Carolina; employees of KMG Minerals, who work in or are paid from or are super-

vised from Kings Mountain, North Carolina; employees of Covington Diesel, a subsidiary of Geneva Corporation, who work in or are paid from Greensboro, North Carolina;

52. Employees of The Wella Corporation who work in, are paid from or supervised from Richmond, Virginia or Englewood, New Jersey; employees of Chandler Concrete Company, Inc., who work in, are paid from or supervised from Burlington or Greensboro, North Carolina; employees of Multiton Mic Corporation who work in, are paid from or supervised from Richmond, Virginia; employees of The Timken Company who work in, are paid from or supervised from Gaffney, South Carolina or Canton, New Philadelphia, Bucyrus, Columbus or Ashland, Ohio; (Rev. 2/15/94)

53. Employees of Verbatim Corporation who work in or are paid from or are supervised from Charlotte, North Carolina; employees of Microsoft Corporation who work in Charlotte, North Carolina; employees of Fasco Controls Corporation who work in or are paid from or are supervised from Shelby, North Carolina;

54. Employees of Integon Corporation, and its wholly-owned subsidiary, Marketing One, Inc., who work in or are paid from or are supervised from Winston-Salem, North Carolina;

Members of record of the Integon Credit Union as of August 29, 1992;

55. Employees of E. I.du Pont de Nemours & Company, Inc., who work in, or are supervised from, or are paid from Charlotte, North Carolina;

56. Employees of the Better Business Bureau and the Greater Winston-Salem Chamber of Commerce who work in or are paid from or are supervised from

Winston-Salem, North Carolina; employees of Keeter Motors, Inc., who work in or are paid from or are supervised from Shelby, North Carolina; employees of Alemite Corporation and REI/Lundy Systems who work in or are paid from or are supervised from Charlotte, North Carolina; employees of Southwestern Virginia Energy Industries, LTD., who work in or are paid from or are supervised from Martinsville, Virginia;

57. Employees of the following employers who work in, are paid from or supervised from the named locations:

Belmont Hosiery Mills, Inc. - Belmont, North Carolina
Luxfer Gas Cylinders (formerly Luxfer USA Limited - Revised 2/11/97) - Graham, North Carolina
Holt Manufacturing Company, Inc. - Burlington, North Carolina
Xaloy - Pulaski, Virginia
PPG Industries, Inc. - Shelby and Lexington, North Carolina
ESM Corporation - Charlotte, North Carolina

58. Employees of the Coca Cola Bottling Works of Nashville, Tennessee who are paid out of Charlotte, North Carolina;

59. Employees of JPS Textile Group, Inc., and its subsidiaries, ~~JPS Carpet Corp.~~, (Rev. 12/7/95) JPS Converter and Industrial Corp., JPS Automotive Products Corp. and JPS Elastomerics Corp., who work in or are paid from or are supervised from Greenville, South Carolina; employees of Triad Packaging Co., Inc., and Hudson-Industries who work in or

are paid from or are supervised from Richmond, Virginia;

60. Employees of Atlantic Envelope Company and Odell Associates, Inc., who work in or are paid from or are supervised from Charlotte, North Carolina; employees of I R International, Inc., who work in or are paid from or are supervised from Richmond, Virginia; employees of Mayflower Vehicle Systems (formerly Motor Panels, Inc. - Revised 2/11/97) who work in or are paid from or are supervised from Kings Mountain, North Carolina;

61. Employees of Dollinger Corporation who work in or are paid from or are supervised from Richmond, Virginia; employees of EIS Brake Parts, Division of Standard Motor Products, Inc., who work in or are paid from or are supervised from Rural Retreat, Virginia; employees of Lazar Industries East, Inc., who work in or are paid from or are supervised from Staley, North Carolina; (App. 7/26/93)

62. Employees of Pepsi-Cola Bottling Company of Charlotte who work in or are paid from Charlotte, North Carolina; employees of Pluma, Inc., who work in or are paid from Eden, North Carolina; (App. 8/18/93)

63. Employees of the following employers who work in, are paid from or supervised from the stated locations: (App. 9/9/93)

D. P. Solutions, Inc. - Greensboro, North Carolina
J. K. Timmons & Associates - Richmond, Virginia
Schlafhorst, Inc. - Charlotte, North Carolina
Elon College - Elon College, North Carolina

Benchmark Systems of Va. - Mechanicsville, Virginia

64. Employees of the following employers who work in, are paid from or supervised from the stated locations: (App. 10/14/93)

Charlotte Eye, Ear, Nose & Throat Associates - Charlotte, North Carolina
Bondcote Corporation - Pulaski, Virginia
Bassett Mirror Company, Inc. - Bassett, Virginia
Salem Academy and College - Winston-Salem, North Carolina
Guilford College - Greensboro, North Carolina;

65. Employees of the following employers who work in, are paid from or supervised from the stated locations:

Krispy Kreme Doughnuts - Winston-Salem, North Carolina
Mann Travels/Carlson Travel Network - Charlotte, North Carolina
Burlington Chemical Company - Burlington, North Carolina
Electrical Distributors, Inc., - Charlotte, North Carolina
Harris Corporation (formerly Micro Computer Systems - -
(Revised 2/11/97) Greensboro, North Carolina
Sunbeam Outdoor Products - Stanley, North Carolina
(Rev. 12/23/94)
The Dize Company - Winston-Salem, North Carolina
Longwood Elastomers - Wytheville, Virginia
Haworth, Inc. - Lincolnton, North Carolina

AT&T Consumer Products - Charlotte, North Carolina
Family Financial Services, Inc. - Winston-Salem, North Carolina
Allen, Allen, Allen & Allen Law Firm - Richmond, Virginia
CIGNA Medicare and CIGNA Healthcare (a division of
CIGNA- Medicare) - Greensboro, North Carolina (App. 3/8/94 & Rev. 3/7/96)

Members of the North Carolina Junior Chamber of Commerce headquartered in Asheboro, North Carolina, who qualify for membership in accordance with the association's bylaws as they existed on March 8, 1994: employees of the North Carolina Junior Chamber of Commerce who work in Asheboro, North Carolina;(App. 3/8/94)

66. Employees of the following employers who work in, are paid from, or are supervised from the stated locations: (App. 5/18/94)

Scholl America - Gibsonville, North Carolina
Impact Enterprises, Inc., - Greensboro, North Carolina
Smith, Helms, Mulliss & Moore, L.L.P., Attorneys at Law - Greensboro, North Carolina
Stabilus - Gastonia, North Carolina
American Standard Building Systems - Martinsville, Virginia
Ametek, Lamb Electric Division - Graham, North Carolina;

Employees of McEwen Lumber Company headquartered in High Point, North Carolina who work at the following locations: High Point, Charlotte and

Raleigh, North Carolina; Greenville and Charleston, South Carolina; Richmond, Virginia; Atlanta, Georgia; Orlando, Delray Beach, Jacksonville and Tampa, Florida; and Nashville and Memphis, Tennessee; (App. 5/18/94)

Natural person, voting members of the Virginia Trial Lawyers Association, headquartered in Richmond, Virginia, who qualify for membership in accordance with the association's bylaws as they existed on May 18, 1994:

67. Employees of BFI Waste Systems and Southern Health Corporation who work in Richmond, Virginia; employees of FIL International. Inc., who work in or are paid from Greensboro, North Carolina; employees of Gullwing Screenprint who work in Winston-Salem, North Carolina; employees of Queens Group, Inc., who work in or are paid from Stanley, North Carolina; employees of Polo-Ralph Lauren Corporation who work in Greensboro, North Carolina; employees of Shionogi Qualicaps, Inc., who work in Greensboro or Whitsett, North Carolina; employees of Kernodle Clinic who work in or are paid from Burlington, North Carolina; employees of Jobst Institute, Inc., who work in Charlotte, North Carolina; (App. 6/13/94)

68. Employees of Gary Brown & Associates who work in Greensboro, North Carolina; employees of the North Carolina Pest Control Association who work in Monroe, North Carolina; regular members of the North Carolina Pest Control Association located in Monroe, North Carolina who qualify for membership in accordance with its constitution and bylaws in effect on July 6, 1994; (App. 7/6/94)

69. Employees of JPS-Converter & Industrial, Borden Plant, who work in Kingsport, Tennessee; (Merger 7/29/94)

70. Employees of HBO & Company's Charlotte Product Group (formerly First Data Health Systems Group) who work in, are paid from or supervised from Charlotte, North Carolina (Rev. 9/12/95); employees of JPS Automotive Products Corporation who work in, are paid from or are supervised from Greenville, South Carolina or Cramerton, North Carolina; employees of Ametek-Technical Motor Division who work in, are paid from or supervised from Whitsett, North Carolina; (App. 8/8/94)

71. Employees of Hamilton Beach/Proctor Silex who work in Richmond or Glen Allen, Virginia, Southern Pines, Washington or Mt. Airy, North Carolina; employees of UNOS who work in or are paid from Richmond, Virginia; employees of The Ellison Company, Inc., and its divisions, APC Building Products, Specialty Manufacturing Company and Ellison Properties Group who work in or are paid from Greensboro, North Carolina; employees of Lowe's Food Stores, Inc., who work in, are paid from or supervised from Winston-Salem, North Carolina; employees of Franklin Industries, Inc., who work in or are supervised from Kings Mountain, North Carolina; (App. 9/8/94)

72. Employees of Wysong & Miles Company who work in or are paid from Greensboro, North Carolina; employees of Sanders Brothers, Inc., who work in or are paid from Gaffney, South Carolina; (App. 11/21/94)

Employees of tenants who regularly work in the Integon Towers Complex/Chamber Building in Winston-Salem, North Carolina; (App. 11/21/94)

73. Employees of Prillaman Chemical Corporation who work in or are supervised from Martinsville, Virginia; (App. 12/8/94)

74. Employees of Modern Machine & Metal Fabricators who work in or are paid from Kernersville, North Carolina; employees of Kingston-Warren Corporation who work in or are paid from Wytheville, Virginia; (App. 12/23/94)

75. Employees of Merchants Distributors, Inc., and its wholly-owned subsidiary, Institution Food House, Inc., who work in or are paid from Hickory, North Carolina; (Merger 1/6/95)

76. Employees of the following employer groups who work in the townships or named location in North Carolina:

Alamance County
City of Burlington
City of Graham
Town of Haw River
Town of Elon College
Town of Mebane
Town of Gibsonville
Burlington Housing Authority - Burlington, North Carolina
Graham Housing Authority - Graham, North Carolina
Bur-Gra Board of Alcholic Control - Graham, North Carolina
Ala-Caswell Mental Health - Alamance County, North Carolina
Group Homes for Developmentally Disabled Adults in Almance County, North Carolina; (Merger 2/6/95)
Town of Green Level (Rev. 5/23/95)

77. Employees of Ligon Electric Supply Company, Inc., who work in or are paid from Winston-Salem, North Carolina; employees of The Austin Company who work in or are paid from Yadkinville, North Carolina; employees of Charter Greensboro Behavorial Health Systems, Inc., who work in or are paid from Greensboro, North Carolina; (App. 2/10/95)

78. Employees of Pine Hall Brick Company who work in, are paid from or are supervised from Madison, North Carolina; (App. 3/9/95)

79. Employees of Greensboro College who work in, are paid from or are supervised from Greensboro, North Carolina; students enrolled at the named college, limited to a maximum of 2,500 students: (App. 3/9/95 & 6/21/95)

80. Employees of Genetic Design who work in, are paid from or are supervised from Greensboro, North Carolina; (App. 4/10/95)

81. Employees of AT&T Services/Technical Services Companies, Inc., a division of AT&T Corporation, who work in or are paid from or supervised from Greensboro, North Carolina; (App. 5/12/95)

82. Employees of Kysor Carolina Metal Products who work in or are paid from Charlotte, North Carolina; employees of Draper Aden Associates, Inc., who work in or are paid from Blacksburg, Virginia; employees of CIMTEC Automation & Control who work or are paid from Charlotte, North Carolina; (App. 5/12/95)

83. Employees of the following who work in, are paid from, or are supervised from the stated locations: (App. 7/14/95)

Holston Medical Group - Kingsport, Tennessee
Worth Chemical Corporation - Greensboro, North Carolina
BBA Friction, Inc. - Dublin, Virginia
Mount Rogers Community Mental Health and Mental Retardation
Services Board - Wytheville, Virginia
Chemtreat, Inc. - Glen Allen, Virginia
St. Mark's, Inc. - Charlotte, North Carolina
BFI Waste Systems - Charlotte, North Carolina

84. Employees of FlagStar Corporation who work in, are paid from or are supervised from Spartanburg, South Carolina; (App. 8/16/95)

Natural person, homeowner members of the Hidden Creek Homeowners Association, Inc., who qualify for membership in accordance with the association's bylaws as they existed on August 16, 1995, limited to a maximum of 2,500 members; (App. 8/16/95)

Employees of the following employers who work in, are paid from or are supervised from the stated locations: (App. 8/16/95)

Anderson and Associates, Inc., - Blacksburg, Virginia
Datastream Systems, Inc. - Greenville, South Carolina
General Injectables & Vaccines, Inc. - Bastian, Virginia
Holy Angels - Belmont, North Carolina
Virginia Physicians, Inc. and its affiliates: Phycor of Richmond, Inc.,
McGuireMed Group Practice and Family Physicians Limited - Richmond, Virginia;

85. Employees of the following employers who work in, are paid from or are supervised from the stated locations: (App. 9/12/95)

Industrial Truck Sales & Service, Inc. - Greensboro, North Carolina
Wilson-Cook Medical, Inc. - Winston-Salem, North Carolina
Greenfield Industries (formerly Cleveland Twist Drill- Revised 2/11/97) - Asheboro, North Carolina
Charter Behavorial Health System of Winston-Salem - Winston- Salem, North Carolina;

86. Employees of Office Environments, Inc., who work in, are paid from or are supervised from Charlotte, North Carolina; employees of Insurance Company of North America-CIGNA-who work in Richmond, Virginia; members of AT&T Pioneers-Carolinas Chapter 106 in Greensboro, North Carolina, who qualified for membership in accordance with the association's bylaws as they existed on October 16, 1995, limited to a maximum of 2,500 members; (App. 10/16/95 & Rev. 4/11/96)

87. Employees of tenants who regularly work in the Town of Dublin Industrial Park in Dublin, Virginia; employees of Hughes Furniture Industries, Inc., who work in or are paid from Randleman, North Carolina; (App. 11/13/95)

88. Employees of Gulistan Carpet, Inc., (formerly JPS Carpet Corporation) who work in, or are paid from or are supervised from Aberdeen, North Carolina, and its sales representatives who work under a long-term contract with the named corporation and who are supervised from the headquarters location; (App. 12/7/95)

Employees of Great American Knitting Mills, Inc., who work in or are paid from Burlington, North Carolina; (App. 12/7/95)

89. Employees of the following groups who work in, are supervised from, or paid from the stated locations: (App. 3/7/96)

Steelfab - Charlotte, North Carolina
Texfi Industries, Inc. - Raleigh, North Carolina
Waste Management of the Piedmont - Winston-Salem, North Carolina
R. J. Reynolds-Patrick County Memorial Hospital - Stuart, Virginia
Twin County Regional Healthcare, Inc. - Galax, Virginia

90. Employees of Magnox Pulaski, Inc., who work in Pulaski, Virginia; employees of Filtration Group, Inc. (formerly Moldan Corporation) who work in York, South Carolina; (App. 4/11/96)

91. Employees of the following who work in, are paid from or are supervised from the named locations in North Carolina: (App. 5/13/96)

RWM Castors Company - Gastonia
Indera Mills Company - Winston-Salem

92. Employees of National Gypsum Company, who work in or are supervised from the corporate headquarters in Charlotte, North Carolina; Employees of sales offices of the above mentioned company who work in or are supervised from Charlotte, North Carolina; Employees of Binswanger & Company, Inc. (formerly a division of National Gypsum Company) who work in the states of Georgia, North Carolina, South Carolina, and Virginia; (Merger 6/4/96)

93. Employees of the following who work in, are paid from or are supervised from the named locations in North Carolina: (App. 6/21/96)

Easco Aluminum - Burlington
Waste Management of the Carolinas - Gastonia
B&W Metal Fabricators, Inc. - Welcome
Eurotherm Drives - Charlotte
Cookson Fibers, Inc. - Randleman

employees of Winston Placement who regularly work at Lucent Technologies, Inc., in Winston-Salem, North Carolina;

94. Employees of the following who work in, are paid from or are supervised from the named locations: (App. 7/11/96)

Circuit City Stores, Inc. - Richmond, Virginia (excluding Roanoke, Virginia Beach and Barbersville, Virginia stores)
South Fork - Lincolnton, North Carolina
Anilox Roll Company, International - Charlotte, North Carolina;

95. Civilian and military employees of the U.S. Government and active military reservists who work in or are supervised from Alamance, Guilford, Randolph, or Rockingham Counties, North Carolina (except employees of the Internal Revenue Service and U.S. Post Office Departments); (Merger 7/29/96)

Members in good standing as of the date of this amendment of the National Association of Retired Federal Employees, Chapter 211, Greensboro, North Carolina; (Merger 7/29/96)

Employees of the following who work in Greensboro, North Carolina: (Merger 7/29/96)

Greensboro Housing Authority
E.R. Squibb & Sons, Inc. - ConvaTec Division
Drs. Lebauer, Weintraub, Brodie, Patterson & Associates, P.A.;

96. Employees of The New Cherokee Corporation, who work in or are paid from r are supervised from Spindale or Harris, North Carolina and New York, New York, excluding the employees in Sevierville, Tennessee, which are in the field of membership of another credit union; (App. 8/9/96)

97. Groups of persons with occupational common bonds which are located within 25 miles of one of the credit union's service facilities, which have provided a written request for service to the credit union, which do not presently have credit union service available, and which have no more members in the group than the maximum number established by the NCUA Board for additions under this provision: Provided, however, that the National Credit Union Administration may permanently or temporarily revoke the power to add groups under this provision upon a finding, in the Agency's discretion, that permitting additions under this provision are not in the best interests of the credit union, its members, or the National Credit Union Share Insurance Fund; (App. 7/18/94)

98. Spouses of persons who died while within the field of membership of this credit union; employees of this credit union; persons retired as pensioners or annuitants from the above employment; members of their immediate families; organizations of such persons;

99. The Timken Company and
Duke Power Company (App. 9/12/95)."

Any questions on the enclosed amendment form or instructions should be directed to the Division of Insurance in this office.

Sincerely,

H. Allen Carver
Regional Director

DOI/JBF:jf
FCU #07840

CC:PE J. Walker

CERTIFICATION OF RESOLUTION OF BOARD OF DIRECTORS
ADOPTING AMENDMENT OF CHARTER/BYLAWS

WHEREAS, the attached amendment of the credit union's charter is in the best interests of the members and is consistent with Law, all necessary authorizations having been obtained,

NOW, THEREFORE, pursuant to the provisions of the Federal Credit Union Act, the attached amendment of the charter/bylaws of the AT&T Family Federal Credit Union No. 07840 is hereby adopted by the board of directors in accordance with Article XXI of the above Federal Credit Union's Bylaws.

We, the undersigned President and Secretary of the above Federal Credit Union, hereby certify that on _____, 19__, the above resolution amending to the charter/bylaws was adopted by the board of directors in accordance with Article XXI of the above Federal Credit Union's Bylaws.

_____ _____
President Secretary